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**Work programme of the United Nations Human Settlements Programme and budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2016–2017**

# Proposed work programme and budget for the biennium 2016–2017

## Report of the Advisory Committee on Administrative and Budgetary Questions

## Note by the secretariat

The report of the Advisory Committee on Administrative and Budgetary Questions on the proposed work programme of the United Nations Human Settlements Programme and the proposed budget of the United Nations Habitat and Human Settlements Foundation for the biennium 2016–2017 (HSP/GC/25/5) is reproduced in the annex to the present note. The report is reproduced as received from the Advisory Committee, without formal editing.

* *HSP/GC/25/1.*

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## Annex

# Report of the Advisory Committee on Administrative and Budgetary Questions on the proposed work programme of the United Nations Human Settlements Programme and the proposed budget for the biennium 2016–2017 of the United Nations Habitat and Human Settlements Foundation

## I. Introduction

1. The Advisory Committee on Administrative and Budgetary Questions has considered the report of the Executive Director on the proposed work programme and budget for the biennium 2016-2017 of the United Nations Habitat and Human Settlements Foundation (UN-Habitat) (HSP/GC/25/*). During its consideration of the report, the Advisory Committee met with the Executive Director and other representatives of UN-Habitat, who provided additional information and clarification, concluding with written responses received on 12 March 2015.

2. The report indicates that the proposed programme of work and budget for 2016-2017 is derived from UN-Habitat's strategic plan for 2014-2019 and strategic framework for 2016-2017. The strategic direction of the framework would be derived from the post-2015 development agenda, once approved by the General Assembly, and from the outcome of the Third United Nations Conference on Housing and Sustainable Urban Development (Habitat III), scheduled to take place in 2016 (see HSP/GC/25/*, paras. 1 and 6).

## II. Proposed work programme 2016-2017

3. Paragraph 12 of the report states that the proposed programme of work would be implemented under the following seven subprogrammes: i) urban legislation, land and governance; ii) urban planning and design; iii) urban economy; iv) urban basic services; v) housing and slum upgrading; vi) risk reduction and rehabilitation; and vii) research and capacity development. It is also stated that, during the biennium, UN-Habitat would continue to implement an advocacy, outreach and communications strategy, assess the gender implications of planned programmes, strengthen results-based management, and undertake evaluations. Acting as the Habitat III secretariat, UN-Habitat would also provide substantive support to intergovernmental negotiations on the outcome document of Habitat III (see HSP/GC/25/*, paras. 22 to 26).

4. With respect to evaluations, the report indicates that UN-Habitat would strengthen evaluation of its subprogrammes, programmes and projects, and it is estimated that resources for evaluation activities for the biennium 2016-2017 would amount to $3,200,000, of which $397,000 would be funded from the regular budget and $2,803,000 from extra-budgetary resources (see HSP/GC/25/*, para. 25). **The Advisory Committee trusts that UN-Habitat will strengthen evaluations activities as planned, and that the lessons learnt from the evaluations will be taken into account in the implementation of programmes.**

## III. Proposed budget 2016-2017

5. The Executive Director indicates that the financial framework of UN-Habitat comprises three sources of funding: i) United Nations regular budget allocations approved by the General Assembly; ii) United Nations Habitat and Human Settlements Foundation contributions, consisting of general purpose budget allocations which are approved by the Governing Council and special purpose budget allocations which are approved by the Executive Director; and iii) technical cooperation contributions, for which budget allocations are approved by the Executive Director (see HSP/GC/25/*, para. 29). The report states that UN-Habitat is reviewing its resource mobilization strategy in view of the decline in voluntary non-earmarked contributions for core activities, with particular focus on securing more predictable multi-year funding for its normative work (see HSP/GC/25/*, para. 40).

6. Overall resource requirements for UN-Habitat for the biennium 2016-2017 are projected at $482.3 million, reflecting an increase of 22.2 per cent as compared to the amount of $394.5 million estimated for the biennium 2014–2015. The report explains that the increase is mainly due to significant growth in technical cooperation budget, reflecting increasing demand for UN-Habitat's advisory services, and support in capacity building and operational activities at regional and country level (see HSP/GC/25/*, para. 36).

7. Upon enquiry as to income and expenditure from 2010 to the current biennium, the Advisory Committee was provided with the table below (figures in thousands of United States dollars).

| | UN HABITAT 2010-2011 | | | | | UN HABITAT 2012-2013 | | | | | UN HABITAT 2014 (Provisional) | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | Foundation Non Earmarked | Regular budget | Foundation special purpose | Technical cooperation | Total | Foundation Non Earmarked | Regular budget | Foundation special purpose | Technical cooperation | Total | Foundation Non Earmarked | Regular budget | Foundation special purpose | Technical cooperation | Total |
| Budget (Approved appropriation | 66 191 | | 95 718 | 172 594 | | 70 222 | 21 069 | 110 525 | 190 030 | **391 845** | 45 617 | 23 261 | 123 188 | 202 482 | **394 548** |
| Income | 35 200 | 22 451 | 73 091 | 298 075 | **356 953** | 20 589 | 24 192 | 84 460 | 248 855 | **378 096** | 7 537 | 16 021 | 107 287 | 206 766 | **337 611** |
| Expenditure | 40 508 | 24 677 | 79 844 | 282 034 | **431 043** | 29 099 | 24 192 | 80 338 | 215 102 | **348 731** | 8 135 | 16 021 | 53 875 | 143 142 | **221 173** |
| Surplus/ (Deficit) | (5 308) | 24 677 | (6 753) | 16 041 | **3 980** | (8 510) | – | 4 122 | 33 753 | **29 365** | (598) | – | 53 412 | 63 624 | **116 438** |
| Opening fund balance | 27 050 | – | 51 322 | 47 886 | **126 258** | 18 759 | | 44 490 | 58 300 | **121 549** | 10 459 | – | 50 216 | 90 554 | **151 229** |
| Closing fund balance | 18 759 | – | 44 490 | 58 300 | **121 549** | 10 459 | | 50 216 | 90 554 | **151 229** | 9 861 | – | 103 628 | 154 178 | **267 667** |
| Reserves | 6 619 | – | 5 240 | 13 320 | **25 179** | 6 619 | – | 5 240 | 13 320 | **25 179** | 6 619 | – | 5 240 | 13 320 | **25 179** |

The Committee notes the discrepancies in the amounts under budget, income and expenditure, demonstrating under-expenditure in some cases (such as Foundation Non-earmarked and Foundation Special Purpose) and over-expenditure in others (such as Technical Cooperation). The Committee also notes the sizable opening and closing fund balances listed in the table above. In addition, paragraph 34 of the report states that, in the current biennium, UN-Habitat expects to receive $12 million in Foundation General Purpose contributions against an approved budget of $45.6 million. **While recognizing the difficulty in accurately predicting income and expenditure, the Advisory Committee nonetheless considers that, in order for the budget to be more realistic and to achieve its value as a tool for financial planning and control, budget proposals should be more closely aligned to income projections and patterns of expenditure, and recommends that UN-Habitat take this into account in future budget proposals.**

*Regular budget*

8. The proposed regular budget allocation would be in the amount of $22.5 million, as compared to $23.3 million for the 2014-2015 biennium. The report states that as the United Nations regular budget appropriation is subject to the approval of the General Assembly in 2015, the amounts quoted for 2016–2017 are only indicative (see HSP/GC/25/*, para. 44). **The Advisory Committee will review the regular budget resources for UN-Habitat and make its observations and recommendations in this regard in the context of its consideration of the proposed programme budget for the biennium 2016-2017.**

*Contributions to UN-Habitat*

9. With respect to the United Nations Habitat and Human Settlements Foundation contributions, the proposed budget to be funded from general purpose contributions for the biennium 2016–2017 is $45.6 million, the same level as the previous biennium 2014-2015, while the estimated budget to be funded from special purpose contributions amounts to $101.3 million, representing a decrease of 17.8 percent as compared to the biennium 2014-2015. The proposed budget for technical cooperation activities is projected at $312.9 million, representing an increase of 54.5 per cent as compared to the biennium 2014-2015. The technical cooperation component comprises earmarked project budgets (including trust funds) amounting to $294.4 million and the corresponding technical cooperation programme support (overhead) budget of $18.5 million (see HSP/GC/25/*, paras. 41, 45 and 47).

*Posts*

10. The report states that in response to the current economic climate, UN-Habitat imposed a freeze on external recruitment for posts funded by the Foundation General Purpose account in 2011, except for critical positions and subject to the availability of funds. It is proposed to continue this cautious approach in the biennium 2016–2017, with the same number of 281 core staff posts. Post costs are proposed in the amount of $71,749,900 (see HSP/GC/25/*, paras. 50 and 51, and Table 2). Upon enquiry as to the necessity for these vacant posts, the Advisory Committee was informed that a cautious approach is used when recruiting against the vacant posts in order to ensure that new recruitment can be covered by projected income from voluntary non-earmarked contributions. The Committee was also informed that these posts were approved by UN-Habitat's Governing Council and it is expected that they will be filled as the strengthened resource mobilization strategy and action plan begin to yield fruit. It is also proposed that any revisions to the staffing levels be made after assessing the implications of the outcomes of the Habitat-III Conference and the post-2015 agenda, which may have an impact on the mandate of UN-Habitat. **The Advisory Committee reiterates that the continuing requirement for long-vacant posts should be reviewed on an ongoing basis to determine whether the posts should be retained or abolished, while taking into account the potential implications of the outcomes of the Habitat-III Conference and the post-2015 agenda on staffing levels.**

11. In respect of the organizational chart in the report, the Advisory Committee was provided upon enquiry with a more detailed breakdown of the posts under Executive Direction and Management and Programme Support (see annex I) and the staffing table for the regional offices (see annex II). The Committee was also provided upon enquiry with the following table detailing the D-level posts in the Office of the Executive Director.

| | | | | Funding |
|---|---|---|---|---|
| Office of the Executive Director | | | | |
| | | D-2 | Vacant – to decide on location subject to availability of funds | XB |
| | Scientific and Education Advisory | D-2 | Director, Scientific and Education Advisory | XB |
| | Office of the Executive Director | D-2 | Chief, Office of the Executive Director | XB |
| | Secretariat of the Governing Council | D-1 | Secretary to the Governing Council | RB |
| | Strategic Planning | D-1 | Principal Adviser, Policy and Strategic Planning | XB |

The Committee notes that under Executive Direction and Management and Programme Support, there are 20 posts at the P-5 level and above; 19 posts at the P-4, P-3 and P-2 levels; and 17 posts at the local and other levels. **The Advisory Committee is of the view that UN-Habitat should review the staffing structure for Executive Direction and Management and Programme Support as the present allocation of posts may indicate that the number of senior-level posts is not in proportion to the number of posts at other levels.**

*Non-post requirements*

12. Table 2 of the report indicates that the amount of $410,599,400 is proposed in respect of non-post costs. The Advisory Committee was provided upon enquiry with the following breakdown by item of expenditure.

**Foundation General Purpose budget for the Biennia 2014-2015 and 2016-2017**

| Category of expenditure | 2014-2015 | Change | | 2016-2017 |
|---|---|---|---|---|
| | | Amount | % | |
| Staff costs | 31 235 | – | – | 31 235 |
| Non-post costs | | | | |
| Consultants | 796 | – | – | 796 |
| Expert group meetings | 338 | – | – | 338 |
| Travel | 1 626 | – | – | 1 626 |
| Contractual services | 1 025 | – | – | 1 025 |
| General operating expenses | 5 860 | – | – | 5 860 |
| Supplies and materials | 73 | – | – | 73 |
| Furniture and equipment | 70 | – | – | 70 |
| Support to UNON | 1 094 | – | – | 1 094 |
| Project expenditures (non-earmarked) | 3 500 | – | – | 3 500 |
| Total Foundation General Purpose | **45 617** | – | – | **45 617** |

**The Advisory Committee requested but was not provided with a detailed breakdown of each category of expenditure under non-post requirements. The Committee recalls that it had previously requested that future budget presentations of UN-Habitat include a breakdown of non-post requirements by item of expenditure (see HSP/GC/24/5/Add.4, para. 11). The Committee regrets that the present budget document does not include the requested breakdown. The Advisory Committee reiterates that future budget proposals of UN-Habitat should include a detailed breakdown of non-post requirements by item of expenditure.**

*Status of recommendations of oversight bodies*

13. Upon enquiry, the Advisory Committee was provided with information on the implementation status of recommendations of the Board of Auditors and other oversight bodies (see annex III). **The Advisory Committee recalls that it had twice previously requested that future budget presentations of UN-Habitat include this information as an annex (see HSP/GC/24/5/Add.4, para. 13 and HSP/GC/23/5/Add.1, para. 10). The Committee notes with concern that UN-Habitat has not included this information in its budget proposal. The Advisory Committee expects that this information will be provided in the future, including in the upcoming proposed programme budget for the biennium 2016-2017.**

# IV. Conclusion

14. **Subject to its observation in paragraph 8 above, and taking into account its comments in the preceding paragraphs, the Advisory Committee recommends approval of the proposed work programme and budget of UN-Habitat for the biennium 2016-2017.**